



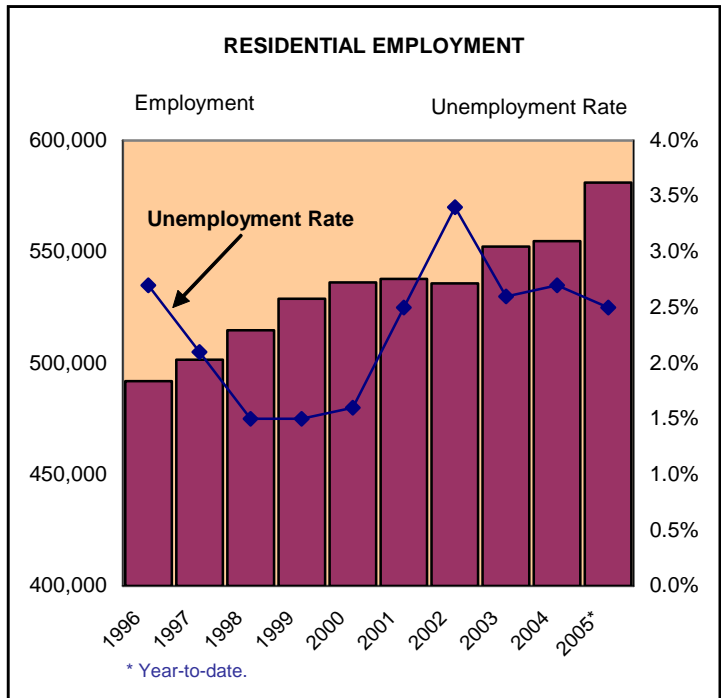
# ECONOMIC INDICATORS®

FAIRFAX COUNTY  
DEPARTMENT OF MANAGEMENT AND BUDGET

NOVEMBER 2005

## IN THIS ISSUE:

- The September 2005 unemployment rate in Fairfax County of 2.5 percent remained unchanged from the level reported one year ago. Over the year, the number of employed County residents increased 26,082. (See page 1)
- The number of new single family residential permits and new nonresidential permits issued in October 2005 decreased 37.0 percent and 35.7 percent, respectively. (See page 2)
- The number of existing single family homes sold in the first three quarters of 2005 decrease 4.6 percent; while, the median value of these homes increased 23.0 percent over existing single family homes sold during all of 2004. (See pages 3 and 4)
- Both the Fairfax County Coincident Index and Leading index decreased in September 2005. (See pages 5 and 6)
- In November 2005, the Conference Board's Consumer Confidence Index increased following losses in the two previous months. (See page 8)
- The 30-year Fixed Rate Mortgage, as reported by Fannie, was 6.33 in November, the highest level since July 2002. (See page 9)



Source: Virginia Employment Commission. Compiled by the Fairfax County Department of Management and Budget.

## Employment

As reported by the Virginia Employment Commission (VEC), the number of Fairfax County residents holding jobs in September 2005 was 581,068, an increase of 26,082 residents, or 4.7 percent, over September 2004. During this period, the unemployment rate in Fairfax County remained unchanged at 2.5 percent.

The September 2005 unemployment rate in Virginia was 3.5 percent. This rate reflects a slight increase over the September 2004 level of 3.4 percent. On the national level, the unemployment rate in September was 5.1 percent, down from 5.4 percent the year before.



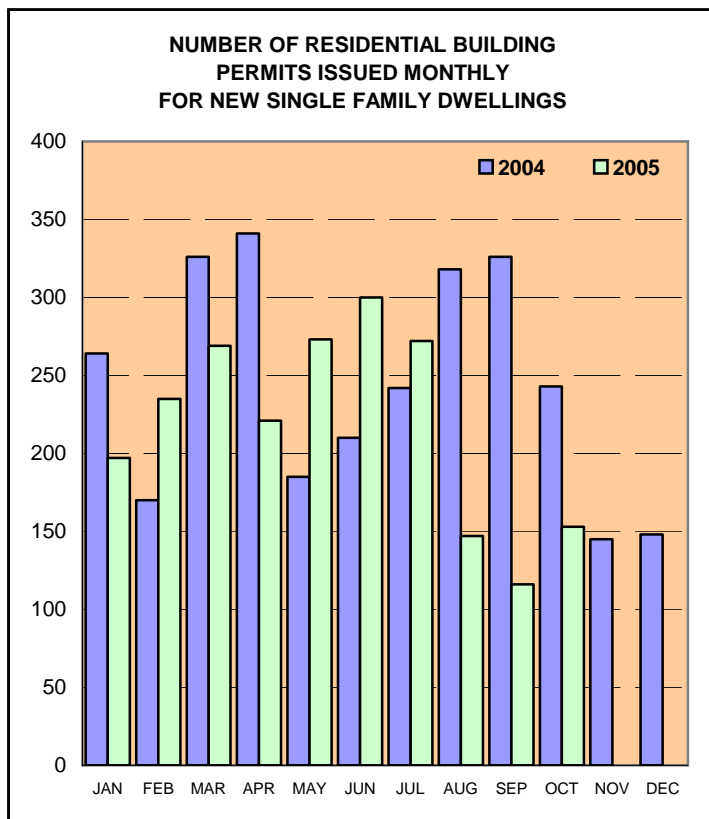
The Fairfax County Economic Indicators is on the Web and can be accessed at:

<http://www.fairfaxcounty.gov/comm/economic/economic.htm>

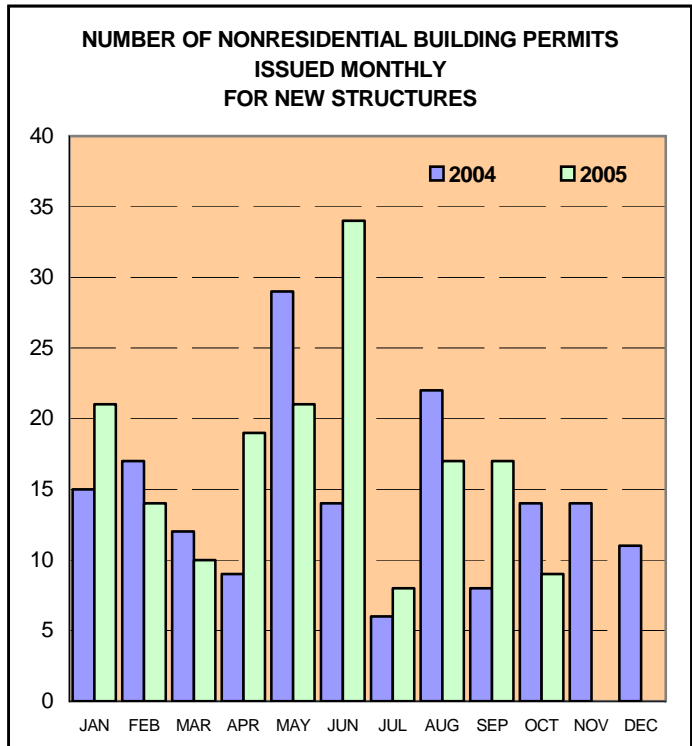
## Residential Building Permits

The total number of new single family residential building permits issued in October 2005 was 153, a decrease of 90 permits, or 37.0 percent, from October 2004. New single family permits issued in the first ten months of 2005 totaled 2,183 permits, a decrease of 16.8 percent or 442 permits from the 2,625 issued during the same period last year.

In October 2005, 1,145 residential repair and alteration permits were issued, a decrease of 44 permits, or 3.7 percent, from October 2004. Through October 2005; however, the number of residential repair and alteration permits has risen from 7,687 to 11,961, an increase of 55.6 percent.



Source of data for all above charts: Fairfax County Department of Public Works and Environmental Services. Compiled by the Department of Management and Budget.



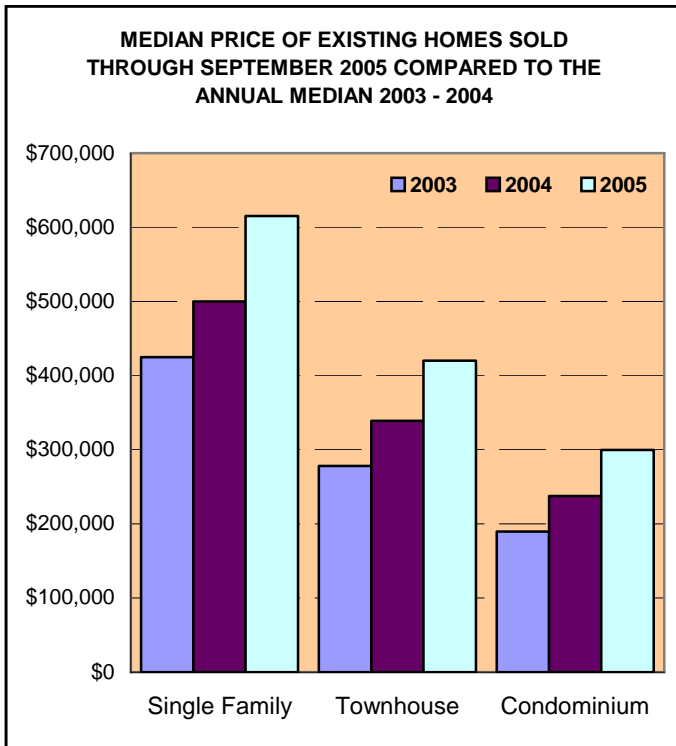
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

## Nonresidential Building Permits

New nonresidential building permits issued in October 2005 decreased for the fifth time this year as compared to the corresponding month last year. In October, nine new nonresidential building permits were issued, a decrease of 35.7 percent, or five permits, from October 2004. New nonresidential permits issued during the first ten months of 2005 total 170, an increase of 24 permits, or 16.4 percent, over the same period last year.

The issuance of nonresidential repair and alterations permits increased in October to 323 from the 300 permits issued in October 2004, a gain of 7.7 percent. Year-to-date, the number of nonresidential repair and alterations permits issued has been 3,209, a drop of 1.8 percent, or 60 permits from the first ten months of 2004.

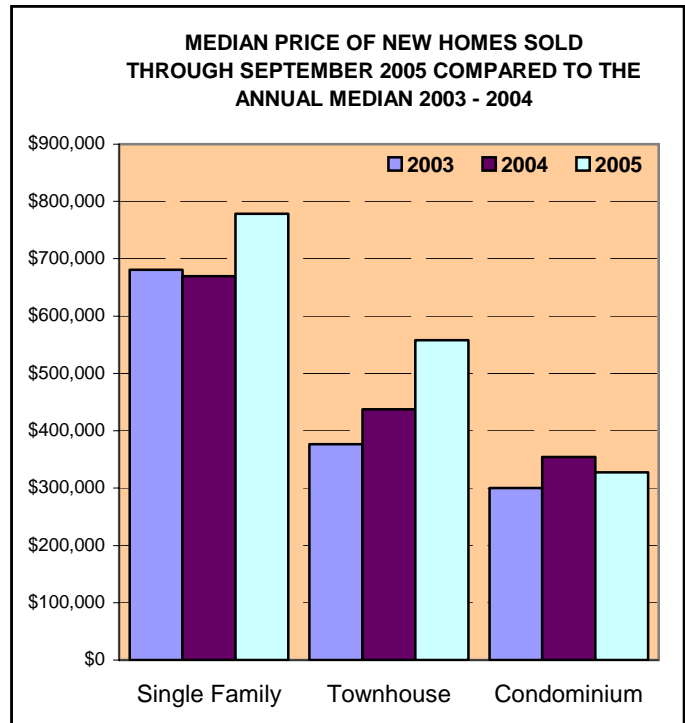
# Housing Market



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## Existing Home Sales Prices

The median sales price of all types of existing (previously owned) homes in Fairfax County experienced growth in excess of 23 percent during the first three quarters of calendar year 2005 compared to the 2004 median price. For existing single family homes, the median sales price increased 23.0 percent to \$615,000, as compared to the 2004 median price of \$500,000. The median sales price for existing townhomes sold through September 2005 rose to \$420,000 from the 2004 median of \$339,000, reflecting growth of 23.9 percent. The median sales price of existing condominiums increased to \$299,900 during the first three quarters of 2005 from \$237,500 in 2004, representing growth of 26.3 percent.



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

## New Home Sales Prices

Through September, the median sales price for new single family homes and townhomes has risen while the median sales price of condominiums has declined. The 2005 median price for new single-family homes sold during the first nine months of 2005 rose to \$778,250, an increase of 16.3 percent over the 2004 median of \$669,457. The median sales price of new townhomes sold from January through September 2005 increased 27.7 percent, from \$437,240 in 2004 to \$558,198. Conversely, the median sales price for new condominiums decreased 7.6 percent during the first three quarters of 2005, from \$354,450 in 2004 to \$327,490.

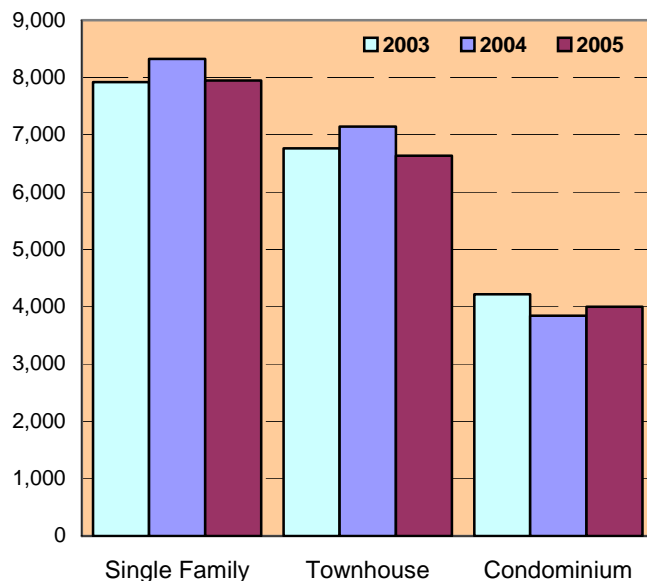
**PERCENTAGE CHANGE IN MEDIAN PRICE OF  
HOMES SOLD YEAR-END 2004 COMPARED TO  
SALES THROUGH SEPTEMBER 2005**

	Existing Sales	New Sales
<b>Single Family</b>	<b>23.0</b>	<b>16.3</b>
<b>Townhouse</b>	<b>23.9</b>	<b>27.7</b>
<b>Condominium</b>	<b>26.3</b>	<b>(7.6)</b>

Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to selling prices within neighborhoods. To read more about Fairfax County tax assessments, please visit:

[www.co.fairfax.va.us/dta/tax\\_assessment.htm](http://www.co.fairfax.va.us/dta/tax_assessment.htm)

**NUMBER OF EXISTING HOMES SOLD THROUGH  
SEPTEMBER 2003 - 2005**

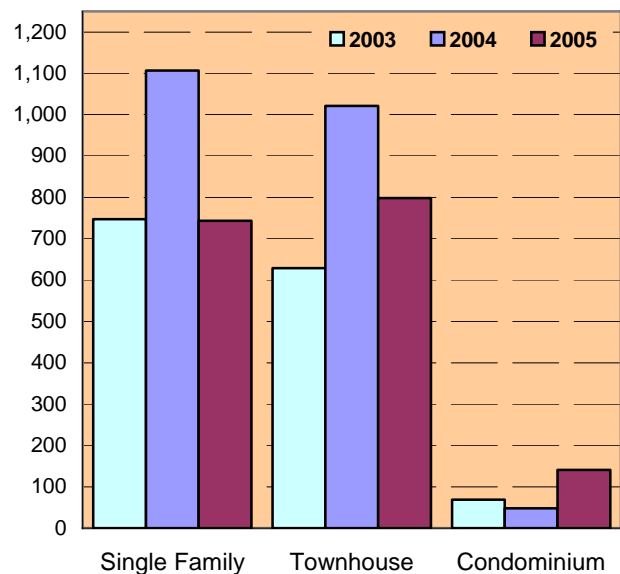


Source: Fairfax County Department of Tax Administration.  
Compiled by the Fairfax County Department of Management and Budget.

## Existing Home Sales Volume

The number of existing (previously owned) single family and townhomes sold dropped during the first three quarters of 2005 while the number of existing condominiums increased. Sales of existing single family homes decreased from 8,326 to 7,947, reflecting a reduction of 4.6 percent from the same period of 2004. Likewise, sales volume of existing townhomes decreased 7.1 percent from 7,142 to 6,636. In contrast, the number of existing condominiums sold from January through September 2005 grew 4.1 percent to 4,002 over the 3,846 units sold during the same period of 2004.

**NUMBER OF NEW HOMES SOLD THROUGH  
SEPTEMBER 2003 - 2005**



Source: Fairfax County Department of Tax Administration.  
Compiled by the Fairfax County Department of Management and Budget.

## New Home Sales Volume

New home sales volume by type reflects a pattern similar to that of existing homes sold, with the number of new single family and new townhomes sold falling and sales of new condominiums rising. The number of new condominiums sold through September 2005 rose to 141, reflecting a sharp increase of 193.8 percent, or 93 new units, over the 48 units sold during the first nine months of 2004. However, both the sales volume of new single family homes and new townhomes decreased considerably. Sales volume of new single family homes declined 32.9 percent from January through September 2005, to 743 from the 1,107 new single family homes purchased during the same period of the previous year. In addition, the number of new townhouses sold declined 21.8 percent from the 1,021 units sold during the first nine months of 2004 to 798 units sold thus far in 2005.

The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in the coming months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

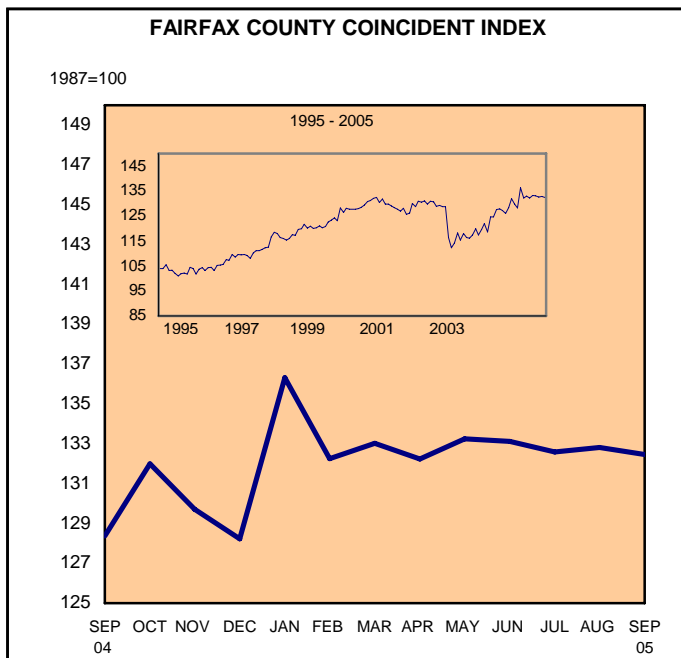
## Fairfax County Coincident Index



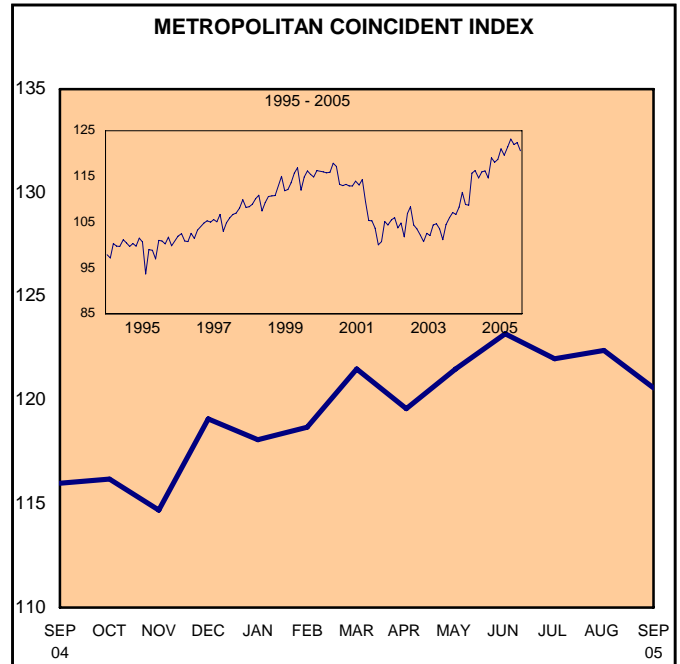
The Fairfax County Coincident Index, which represents the current state of the County's economy, fell to 132.5 in September 2005, a 0.3 percent decrease from August 2005. The Index; however; is up 3.5 percent over its September 2004 level.

In September, three of the Index's four components were negative.

Mid-Atlantic Consumer Confidence (in the present) decreased for the second month in a row. Estimated sales tax collections adjusted for inflation and seasonal fell and transient occupancy tax collections, adjusted for inflation and seasonal variation, fell for the second consecutive month. Total employment; however, increased in September 2005 following the gain achieved in August.



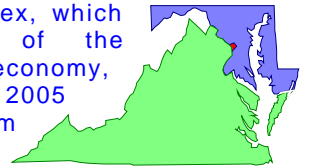
Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.



Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

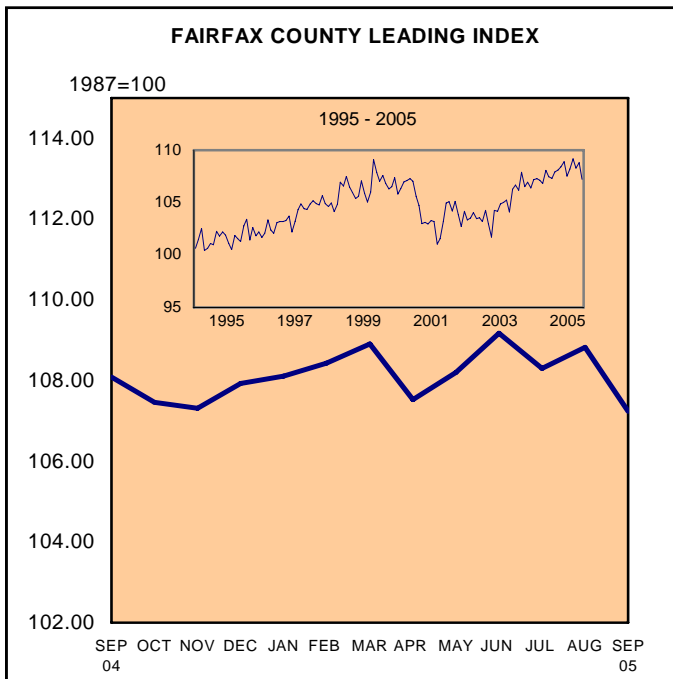
## Metropolitan Coincident Index

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, fell to 120.6 in September 2005 reflecting a 1.4 percent loss from the August level. However, the Index is up 5.0 percent over its



September 2004 level and has exceeded its same-month value from the previous year for twenty-three consecutive months.

In September, three of the Index's four components were negative. Mid-Atlantic Consumer Confidence decreased sharply in September due to the detrimental effects of Hurricane Katrina. In addition, nondurable goods retail sales and domestic passenger volume at Reagan National and Dulles airports both fell in September. In contrast, wage and salary employment increased in September 2005 after posting losses in the two previous months.



Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and Budget.

## Fairfax County Leading Index



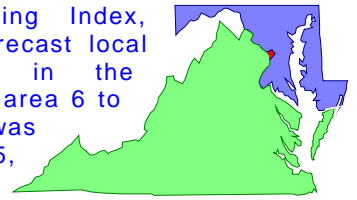
The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, dropped to 107.2 in September 2005, a 1.5 percent decrease from August. In addition, the Index fell on a monthly over-the-year basis for the first time in two and half years.

In September, two of the three components of the Index were negative. Consumer expectations (consumer confidence six months in advance) decreased for a third month in a row. New automobile registrations fell in September as well. However, initial claims for unemployment declined (improved) for the third time in four months.

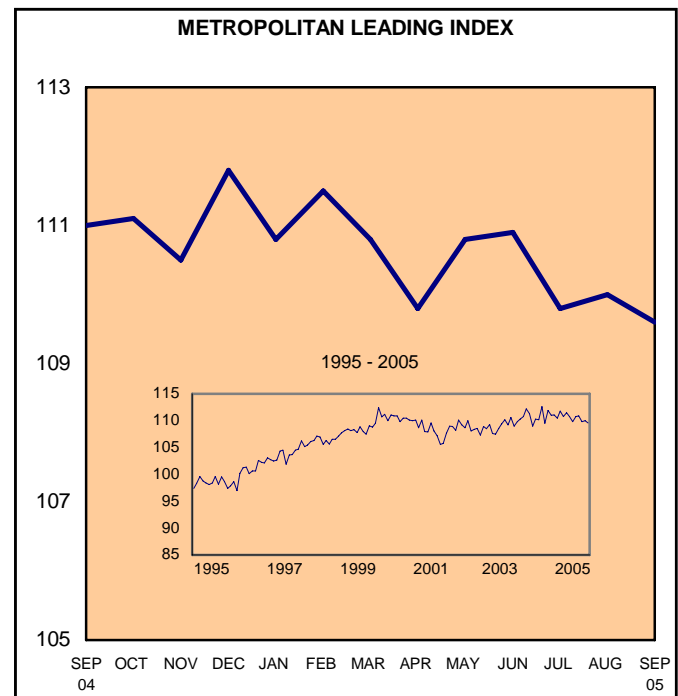
According to Dr. Stephen Fuller of George Mason University, "the Leading Index is pointing to slower growth over the coming six months. If it continues to lag, the County's economic expansion that is still young by recent standards could wind down."

## Metropolitan Leading Index

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, was 109.6 in September 2005, a decrease of 0.4 percent from August. The Index's September level represents a loss of 1.4 percent from its September 2004 value.



In September, two of the Index's five components contributed to its increase. The magnitude of the two negative components was strong enough to offset gains in the other three components. Consumer expectations (consumer confidence six months hence) decreased for the third time in a row. Total residential building permits dropped for the second time in three months. However, initial claims for unemployment insurance decreased (improved) in September for a third consecutive month. In addition, both the Help Wanted Index and durable goods retail sales increased in September.



Source: Center for Regional Analysis, George Mason University.  
Compiled by the Fairfax County Department of Management and Budget.

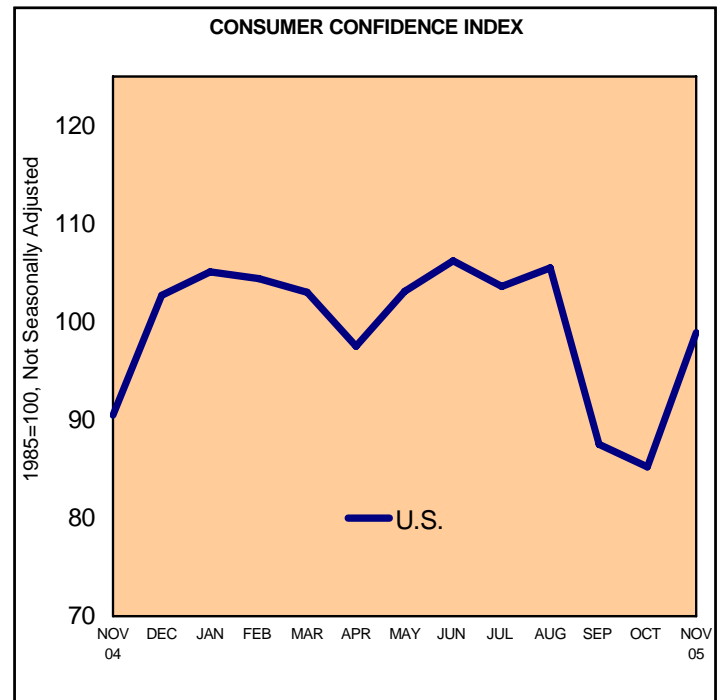
## Fairfax County Sales Tax Receipts

Monthly Sales Tax receipts for Fairfax County and its neighboring jurisdictions will not be reported in the November bulletin due to computer systems changes occurring at the Virginia Department of Taxation. While the change in systems is occurring, Sales tax receipts distributed to localities will be estimated for the months of September, October and November. Once system changes are complete, the state will reconcile estimated distributions to actual Sales Tax for the period and make adjustments accordingly. Actual monthly Sales Tax receipts will be reported in this publication when available.

## National Retail Sales

According to the Commerce Department, seasonally adjusted preliminary September 2005 retail sales for the U.S. increased slightly, gaining 0.2 percent over the August level. The September 2005 national retail sales estimate represents 6.5 percent growth over September 2004. Compared to last year, gasoline station sales are up 34.8 percent. In addition, sales from building material and garden equipment dealers and retail trade sales increased 8.4 while sales from automobile and other motor vehicle dealers decreased 4.6 percent.

## OTHER INDICATORS



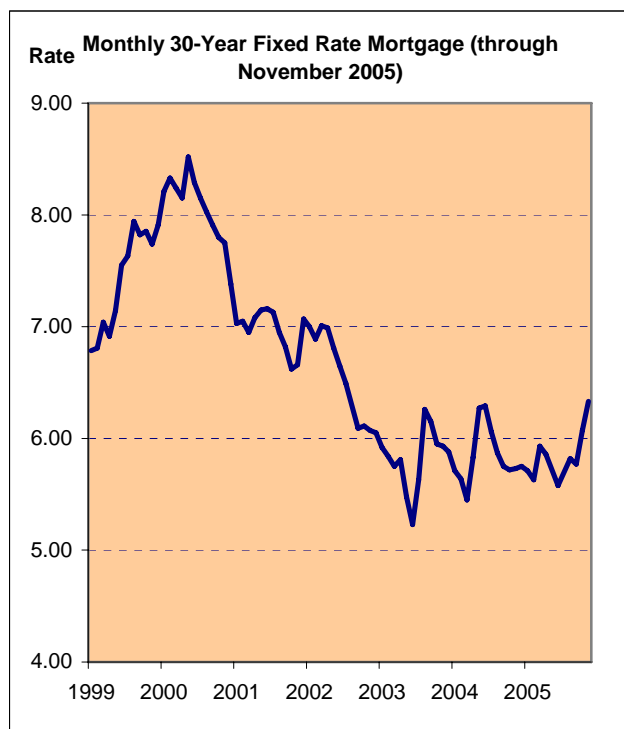
Source: The Conference Board. Compiled by the Fairfax County Department of Management and Budget.

## Consumer Confidence Index

The November Index increased a robust 13.7 points to 98.9. According to the Conference Board, the Index's November increase is due to a moderating of gasoline prices following their post-Katrina surge and a healthier consumer job outlook.

The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. In November 2005, the Present Situation Index was 114.0, which represents a gain of 6.2 points over the level reached in October. The Expectations Index also gained, increasing to 88.8 over the 70.1 reported in October.

According to Lynn Franco, Director of the Conference Board's Consumer Research Center, "While the Index remains below its pre-Katrina levels, the shock of the hurricanes and the subsequent leap in gas prices has begun wearing off just in time for the holiday season."



Source: Freddie Mac. Compiled by the Fairfax County Department of Management and Budget.

## 30-Year Fixed-Rate Mortgage

The interest rate on conventional 30-year fixed rate mortgages, as reported by Freddie Mac, rose to 6.33 percent in November 2005, an increase of 0.26 points over the October level of 6.07. The November interest rate is the highest since July 2002, when the rate was 6.49 percent.

After averaging 7.44 percent in 1999, the 30-year fixed rate mortgage rose to 8.05 percent in 2000. Over the next three years, the rate steadily decreased to an annual average rate of 5.83 percent in 2003. In 2004, the 30-year fixed rate mortgage edged up slightly to an annual average rate of 5.84 percent. While having increased over the last three months, the average rate for the first 11 months of 2005 remains around 5.8 percent.

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